

AR40

Goldale

Investments Limited

Annual Report
1978

Goldale Investments Limited

Board of Directors

R.A.C. Douglas
A.H. Honsberger
* A.W. Oughtred
E.K. Roberts, C.A.
* K.A. Roberts
K.A. Roberts Jr.
* A.C. Rose, Q.C.

* member of the audit committee

Officers

K.A. Roberts, Chairman of the Board and Chief Executive Officer
E.K. Roberts, C.A., President and Treasurer
K.A. Roberts Jr., Vice President
N.M. Weston, Secretary

Solicitors

Borden & Elliot, Toronto, Ontario

Auditors

Clarkson, Gordon & Co.

Registrar and Transfer Agent

Canada Trust Company
110 Yonge Street, Toronto, Ontario
901 West Pender Street, Vancouver, B.C.

Offices

Suite 3116, Box No. 146
Royal Trust Tower
Toronto Dominion Centre
Toronto, Ontario M5K 1H1

With the compliments of

Dr. K. Roberts

Goldale Investments Limited

To the Shareholders:

Earnings for the year increased to \$267,605 or 14.5¢ per share compared to \$150,667 or 24.2¢ per share for the year ended December 31, 1977.

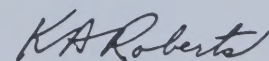
During the year, a total of 780,000 Class A non-voting shares were issued for a net cash consideration of \$3,107,474. Of these, 180,000 shares were sold by way of private placement and 600,000 shares were sold by way of public offering through the facilities of the Vancouver Stock Exchange with Davidson Partners Limited acting as the Company's agent.

Goldale Ontario Limited, the Company's wholly-owned subsidiary, issued a further 48,000 Floating Rate Cumulative Redeemable First Preference Shares Series A of the par value of \$50 each to a Canadian chartered bank for a cash consideration of \$2,400,000.

The funds remaining after repaying bank indebtedness are being held in cash and liquid securities. Your Company is seeking major corporate acquisitions and investments.

At present, the key investment of your Company is its holding of approximately 11% of the common shares of Canada Trustco Mortgage Company ("Canada Trustco"). From the ten year record of Canada Trustco, reprinted elsewhere in this report, you will note growth in 1978 of 21% in Assets Under Administration to \$9.5 billion at December 31, 1978. 1978 showed a more modest growth of 6% in Net Earnings to \$31.9 million (\$3.61 per share-fully diluted) which reflects the tighter margins experienced in the latter part of the year due to rising interest rates. The quarterly dividend for 1979 on the Canada Trustco common shares will be 33¢ per share with an extra dividend of 20¢ per share payable on April 1, 1979.

On behalf of the Board,



Dr. K.A. Roberts,
Chairman.

Toronto, Canada,
February 14, 1979

Goldale Investments Limited

(Incorporated under the laws of Ontario)

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1978

(with comparative figures at December 31, 1977)

| | <u>1978</u> | <u>1977</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and deposit receipts | \$ 2,620,596 | \$ 88,513 |
| Accrued interest and dividends receivable | 375,996 | 268,193 |
| Income taxes recoverable | | 33,000 |
| Investments, at cost (notes 2 and 4): | | |
| Canada Trustco Mortgage Company (quoted market value December 31, 1978 — \$19,741,000; December 31, 1977 — \$23,229,000) | 20,031,120 | 19,470,701 |
| N.H.A. mortgages, less amortization | 2,151,246 | 2,209,593 |
| Other investments (quoted market value — \$1,297,570) | 1,262,571 | |
| Sundry assets | <u>11,606</u> | |
| | <u>\$26,453,135</u> | <u>\$22,070,000</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|---------------------|---------------------|
| Liabilities: | | |
| Bank indebtedness | | \$ 1,003,000 |
| Payable upon receipt of securities purchased | \$ 31,596 | 465,227 |
| Accounts payable and accrued charges | 31,982 | 64,862 |
| 8-1/2% unsecured promissory notes payable, due December 31, 1982 (note 3) | 2,045,000 | 2,045,000 |
| | <u>2,108,578</u> | <u>3,578,089</u> |
| Minority interest (note 4) | <u>16,709,297</u> | <u>14,231,730</u> |
| Shareholders' equity: | | |
| Capital (note 5) | 7,363,141 | 4,093,141 |
| Retained earnings | 272,119 | 167,040 |
| | <u>7,635,260</u> | <u>4,260,181</u> |
| | <u>\$26,453,135</u> | <u>\$22,070,000</u> |

On behalf of the Board:

K.A. Roberts — Director

A.W. Oughtred — Director

(See accompanying notes)

Goldale Investments Limited

CONSOLIDATED STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1978 (with comparative figures for 1977)

| | <u>1978</u> | <u>1977</u> |
|---|-------------------|-------------------|
| Income: | | |
| Canada Trustco Mortgage Company dividends | \$1,152,807 | \$461,713 |
| Interest | 359,612 | 94,189 |
| Gain on sale of investments | 53,379 | |
| Other | 59,413 | 5,660 |
| | <u>1,625,211</u> | <u>561,562</u> |
| Expenses: | | |
| General and administrative | 156,154 | 61,281 |
| Interest on bank indebtedness and promissory notes | 207,685 | 109,949 |
| Minority interest (note 4) | 993,767 | 272,665 |
| | <u>1,357,606</u> | <u>443,895</u> |
| Earnings before income taxes | 267,605 | 117,667 |
| Income taxes recoverable (note 6) | | 33,000 |
| Earnings for the year | \$ <u>267,605</u> | \$ <u>150,667</u> |
| Earnings per share (note 7) | <u>14.5¢</u> | <u>24.2¢</u> |

CONSOLIDATED STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1978 (with comparative figures for 1977)

| | <u>1978</u> | <u>1977</u> |
|---|------------------|------------------|
| Retained earnings, beginning of year | \$167,040 | \$ 95,123 |
| Earnings for the year | <u>267,605</u> | <u>150,667</u> |
| | 434,645 | 245,790 |
| Costs incurred on issue of Class A non-voting shares (note 5(a)) | <u>162,526</u> | <u>78,750</u> |
| Retained earnings, end of year | <u>\$272,119</u> | <u>\$167,040</u> |

(See accompanying notes)

Goldale Investments Limited

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1978 (with comparative figures for 1977)

| | <u>1978</u> | <u>1977</u> |
|---|--------------------|-------------------|
| Funds were provided from: | | |
| Operations — | | |
| Earnings for the year | \$ 267,605 | \$ 150,667 |
| Add (deduct) charges (credits) which do not represent a current flow of funds: | | |
| Income taxes recoverable | | (33,000) |
| Minority interest (net of dividends paid) | 77,567 | 131,730 |
| Amortization of premium on N.H.A. mortgages | 16,778 | |
| Other | 4,797 | |
| | <u>366,747</u> | <u>249,397</u> |
| Proceeds from joint realty developments | | 126,970 |
| Decrease in amounts due from former parent and affiliated companies | | 662,000 |
| Issue of Class A non-voting shares (net of issue costs of \$162,526) (note 5(a)) | 3,107,474 | |
| Issue of preference shares by subsidiary (note 4) | 2,400,000 | |
| Total funds provided | <u>5,874,221</u> | <u>1,038,367</u> |
| Funds were applied to: | | |
| Purchase of Canada Trustco Mortgage Company shares and other investments (note 2(a)) | 1,822,990 | 19,470,701 |
| Deduct purchase funds provided from — | | |
| Issue of capital stock | | 3,316,250 |
| Increase in bank indebtedness | | 1,003,000 |
| Increase in amount payable on receipt of securities purchased | | 465,227 |
| Issue of preference shares by subsidiary | | 14,100,000 |
| | | <u>18,884,477</u> |
| | | 586,224 |
| Purchase of N.H.A. mortgages (net of repayments and promissory notes of \$2,000,000 issued as partial consideration (note 2(b)) | | 209,593 |
| Decrease in bank indebtedness | 1,003,000 | |
| Decrease in amount payable on receipt of securities purchased | 433,631 | |
| Other | 82,517 | 154,053 |
| Total funds applied | <u>3,342,138</u> | <u>949,870</u> |
| Increase in cash and deposit receipts | 2,532,083 | 88,497 |
| Cash and deposit receipts, beginning of period | <u>88,513</u> | <u>16</u> |
| Cash and deposit receipts, end of period | <u>\$2,620,596</u> | \$ <u>88,513</u> |

(See accompanying notes)

Goldale Investments Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1978

1. Summary of significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements:

- (a) Basis of consolidation —
The consolidated financial statements include the accounts of the Company and its subsidiary, Goldale Ontario Limited (the "Subsidiary"), the common shares of which are wholly-owned.
- (b) Premiums on the purchase of the N.H.A. mortgages are being amortized on a straight-line basis over the period to maturity of the mortgages.

2. Investments

- (a) Canada Trustco Mortgage Company ("Canada Trustco") —
The Company's investment in Canada Trustco consists of the following:

| | <u>1978</u> | | <u>1977</u> | |
|--|---------------------|------------------------|---------------------|------------------------|
| | Cost | Quoted market value | Cost | Quoted market value |
| 750,560 Class A common shares (December 31, 1977 — 729,860 shares) | \$18,065,900 | \$17,825,800 | \$17,505,481 | \$21,165,940 |
| 91,200 7-1/4% cumulative, redeemable, convertible Series B preference shares | <u>1,965,220</u> | <u>1,915,200</u> | <u>1,965,220</u> | <u>2,063,400</u> |
| | <u>\$20,031,120</u> | <u>\$19,741,000</u> | <u>\$19,470,701</u> | <u>\$23,229,340</u> |

The quoted market values shown do not necessarily represent the value of the entire blocks of holdings which may be more or less than the value indicated by market quotations. In addition, these values do not recognize the tax effect of any capital gains or losses which may arise on realization of the investments.

- (b) N.H.A. mortgages —
The N.H.A. mortgages bear interest at rates of from 11% to 12.25% and mature in 1980 and 1981.

3. Promissory notes

The promissory notes are payable in whole or in part at anytime at the option of the Company.

4. Minority Interest

Minority interest is comprised of issued and outstanding Floating Rate Cumulative Redeemable First Preference Shares Series A of the par value of \$50 each (the "First Preference Shares") of the Subsidiary, together with accrued and unpaid dividends, as follows:

| | <u>1978</u> | <u>1977</u> |
|--|---------------------|---------------------|
| 330,000 First Preference Shares (282,000 shares at December 31, 1977) | \$16,500,000 | \$14,100,000 |
| Accrued and unpaid dividends | <u>209,297</u> | <u>131,730</u> |
| | <u>\$16,709,297</u> | <u>\$14,231,730</u> |

During 1978, the Subsidiary issued an additional 48,000 First Preference Shares for a cash consideration of \$2,400,000 to a Canadian chartered bank (the "Bank").

Dividends on the First Preference Shares are cumulative and are payable quarterly at an annual rate (adjustable quarterly) equal to 1-3/8% plus one-half of the average daily prime rate of the bank. Such dividend rate is subject to upward adjustment in certain circumstances, in which event the shares may be redeemed at the option of the Subsidiary.

Goldale Investments Limited

The Subsidiary may, at any time upon compliance with certain conditions, purchase for cancellation all or part of the First Preference Shares at a price of up to \$51 per share or may redeem all or any part of such shares at a price equal to the par value of \$50 together with all dividends accrued and unpaid thereon. In addition, the shares are redeemable at the option of the Bank. The Bank has agreed, however, not to require redemption prior to April 30, 1983 provided the Subsidiary does not breach any of its covenants to the Bank. The Bank also has the right upon the failure of the Subsidiary (i) to pay dividends on the First Preference Shares, (ii) to redeem the First Preference Shares in accordance with the share provisions, or (iii) to comply with certain covenants, to require the Company to purchase the First Preference Shares at par plus an amount equal to 1.93 times accrued and unpaid dividends at the date of purchase.

As collateral security for the Company's and the Subsidiary's obligations to the Bank, the Company has pledged to the Bank its shareholdings in the Subsidiary and its N.H.A. mortgages. In addition, the Company has agreed to maintain the aggregate of the market value of its holdings of Canada Trustco shares, N.H.A. mortgages and cash and bank deposits at not less than 120% of the par value of the First Preference Shares outstanding.

Without the prior consent of the Bank as holder of the First Preference Shares, the Subsidiary may not issue, redeem or purchase share capital (other than the First Preference Shares), pay dividends on its common shares, incur any indebtedness and/or encumber its assets. Further, the Subsidiary may only dispose of any of its holdings of Canada Trustco (730,000 Class A common shares and 60,000 7-1/4% cumulative, redeemable, convertible Series B preference shares at December 31, 1978; 700,000 Class A common shares at December 31, 1977) provided the average sales price exceeds \$20 per share and further provided the sales proceeds are applied to redeem or purchase for cancellation the First Preference Shares.

5. Share capital

The Company's share capital is as follows:

| | <u>1978</u> | <u>1977</u> |
|--|--------------------|--------------------|
| Authorized — | | |
| 1,500,000 first preference shares of \$10 par value each | | |
| 7,000,000 Class A non-voting shares without par value | | |
| 500,000 Class B voting shares without par value | | |
| Issued— | | |
| 2,148,720 Class A shares (1,368,720 | | |
| shares at December 31, 1977) | \$7,223,513 | \$3,953,513 |
| 99,680 Class B shares | <u>139,628</u> | <u>139,628</u> |
| | <u>\$7,363,141</u> | <u>\$4,093,141</u> |

(a) During 1978, 780,000 Class A non-voting shares were issued for a cash consideration of \$3,270,000. The Company incurred commissions and other issue costs of \$162,526 which amount was charged to retained earnings.

(b) During 1977, the Company issued a non-transferable option to purchase 200,000 Class A non-voting shares at a price of \$3.50 per share, which option expires on December 31, 1982.

6. Income taxes

A substantial portion of the Company's income in 1978 and 1977 was tax-exempt dividend income and accordingly, losses for tax purposes were experienced in both years. The 1977 loss was applied to recover income taxes paid in 1976. No recognition has been given in these financial statements to future tax reductions which may result from application of the 1978 loss for tax purposes of approximately \$84,000 which loss expires in 1983.

7. Earnings per share

The calculations of earnings per Class A and B share are based on the weighted average number of shares outstanding during the year (1978 — 1,842,119 shares; 1977 — 621,578 shares).

The exercise of the outstanding stock option (see note 5(b)) would have no significant dilutive effect on earnings per share.

8. Remuneration of directors and senior officers

The aggregate remuneration of directors and senior officers paid or payable by the Company in the year ended December 31, 1978 was \$37,200 (1977 — NIL).

Goldale Investments Limited

Auditors' Report

To the Shareholders of
Goldale Investments Limited

We have examined the consolidated balance sheet of Goldale Investments Limited as at December 31, 1978 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 31, 1979.

CLARKSON, GORDON & CO.
Chartered Accountants

**The following excerpts
are reprinted from the
Canada Trustco Mortgage Company
Annual Report for 1978**

IN ORDER FOR THE SHAREHOLDERS OF GOLDALE INVESTMENTS LIMITED TO BETTER UNDERSTAND THE BUSINESS OF CANADA TRUSTCO MORTGAGE COMPANY (CANADA TRUST) WE HAVE REPRODUCED THE FOLLOWING MATERIAL FROM ITS ANNUAL REPORT FOR 1978. THE QUOTATIONS THAT FOLLOW ARE ONLY A SMALL PART OF THE INFORMATION PROVIDED THEREIN. FOR A COPY OF ITS ANNUAL REPORT, SEE YOUR BROKER, VISIT YOUR NEAREST CANADA TRUST OFFICE OR WRITE FOR A COPY TO CANADA TRUST, CANADA TRUST TOWER, 272 DUNDAS STREET, LONDON, ONTARIO, N6A 4S4.

EARNINGS

Net earnings in 1978 at \$31.9 million were up modestly from \$30.0 million in 1977. After dividends on preference shares, net earnings per common share - basic were \$3.88 compared with \$3.76 in 1977, computed on the weighted average number of common shares outstanding.

On a fully diluted basis, which assumes conversion of all outstanding preference shares series B and C to common shares, net earnings per common share were \$3.61, up 3% from \$3.50 in 1977.

The principal reason for lack of significant earnings growth was the failure of net investment income - the difference between interest charged to borrowers and that paid to depositors - to keep pace with growth in corporate assets. Net investment income amounted to \$94 million in 1978, an increase of \$4.4 million or 5% over the previous year, whereas corporate assets grew by 17%.

The consequent decline in interest rate spread on a taxable equivalent basis was .20% from 2.13% in 1977 to 1.93% in 1978. As can be seen from the table of maturities on page 24, investments remain somewhat longer in term than deposits. In periods of rising interest rates the cost of funds borrowed increases more rapidly than income from investments. Earnings growth is thus restrained during periods such as 1974 and 1978 and accelerates sharply in an environment of declining interest rates such as occurred in 1977.

Six increases in prime lending rate during 1978 - from 8¼% to 11½% - coupled with extremely competitive lending conditions wherein mortgage rates rose less than term deposit rates, exacerbated interest rate spread. In the last quarter of 1978 spread was 1.71% compared with 2.24% in the final quarter of 1977.

Significant progress has been made in better matching of investment and deposit maturities over recent years. This together with acquisition of a greater volume of interest-sensitive or floating rate investments continues as a

high priority. However, further progress will be slow until much needed changes are forthcoming in legislation and regulation respecting Trust and Loan Companies.

Fees from trust operations have been under A.I.B. restraint for the last three years and none have been increased notwithstanding unrelenting increases in costs. Trust fees earned in 1978 amounted to \$19.2 million, an increase of 13% from \$17.0 million in 1977 but below the 25% increase in value of trust assets administered. Selective and much needed increases in trust fees are being introduced in 1979.

Non-interest operating expenses at \$95 million were up \$11 million or 14% from \$84 million in 1977. Net occupancy and equipment expenses rose 18% to \$15.4 million reflecting major enhancements to our data processing capabilities and rapid expansion of our branch system. The rate of increase in these costs is expected to moderate in 1979 due to a planned reduction in number of branch openings.

Other expenses as detailed in note 9 rose inordinately, in large measure due to a severe increase in capital tax by the Province of Ontario.

Cost control programs and restraint in additions to staff programs are in effect. Notwithstanding their conscientious application by all personnel there is faint likelihood of significant reduction in relative expense levels due to so many necessary cost items, from postage and telephone to fuel and municipal taxes, being largely beyond our control.

The effective rate of income taxes at 27% in 1978 was down from 35% in 1977. In the last two years many Canadian corporations found it advantageous to raise equity capital by issuing floating rate retractable preferred shares. These securities, because of interest rate sensitivity, were a most attractive investment medium and substantial holdings were acquired. Because dividends from these preferred shares are paid out of the issuer's after-tax income, they are non-taxable when paid to a corporate holder. Thus, there is a reduction in the 1978 effective rate of income tax.

ASSETS UNDER ADMINISTRATION

Growth in business volumes was well maintained. Assets under administration at year-end 1978 were \$9.5 billion, an increase of 21% from December 31, 1977, and a 325% increase in the past decade.

Corporate assets increased by \$751 million or 17% to \$5.2 billion. Personal, pension and pooled trust funds under administration increased by \$873 million or 25% to \$4.3 billion.

Shareholders' equity increased by \$33 million from one year prior to \$222 million at year-end. Capital stock increased \$15 million by virtue of issuance of floating rate preference shares series E by private placement in the second quarter. Retained earnings reinvested in our operations remain the most important source of capital to maintain a strong base to support our rapid deposit growth. After dividends retained earnings increased by \$18 million to \$79 million.

THE YEAR AHEAD

1979 promises to be a year of exceptional challenge for the Company and its personnel at all levels. We will operate with high interest rates, unacceptably high but moderating inflation, slow economic growth, significant unemployment, lagging investment, political uncertainty and a weak dollar. These national ailments, brought about in large measure by well intentioned but ill advised excessive government expenditures and consequent huge deficits, are expected to show modest improvement as some degree of fiscal orthodoxy is established.

Continuing vigorous competition, which is both healthy and stimulating, will most certainly prevail. Earnings will continue under severe pressure until the peak in interest rates is passed - hopefully in the second half of 1979.

Notwithstanding, our people have fully demonstrated resourcefulness, ingenuity, resiliency and commitment in the past and will persist in these attributes as we enter difficult and challenging circumstances in 1979. Their abilities stand us in good stead to meet the legitimate needs and aspirations of customers, shareholders and the communities in which we operate.

TEN YEAR RECORD

| | 1978 | 1977 | 1976 |
|--|------------------|------------------|------------------|
| For the year (in thousands) | | | |
| Income | | | |
| Investment | \$ 466,325 | \$ 396,591 | \$ 292,724 |
| Fees and commissions | 36,132 | 32,770 | 27,867 |
| Other | 8,770 | 7,613 | 5,976 |
| | <u>511,227</u> | <u>436,974</u> | <u>326,567</u> |
| Expense | | | |
| Interest on deposits | 372,683 | 307,312 | 236,345 |
| Salaries, employee benefits and commissions | 57,149 | 51,273 | 40,786 |
| Other | 37,793 | 32,239 | 23,224 |
| | <u>467,625</u> | <u>390,824</u> | <u>300,355</u> |
| Earnings before income taxes | 43,602 | 46,150 | 26,212 |
| Income taxes | 11,718 | 16,164 | 8,509 |
| Net earnings | <u>\$ 31,884</u> | <u>\$ 29,986</u> | <u>\$ 17,703</u> |
| At year-end (in thousands) | | | |
| Assets under administration | \$9,484,000 | \$7,860,000 | \$6,891,000 |
| Personal, pension and pooled trust funds | 4,333,000 | 3,460,000 | 3,189,000 |
| Deposits | 4,884,000 | 4,163,000 | 3,524,000 |
| Loans | 3,980,000 | 3,393,000 | 2,974,000 |
| Shareholders' equity | 222,000 | 189,000 | 147,000 |
| Per common share | | | |
| Net earnings | | | |
| Basic | \$ 3.88 | \$ 3.76 | \$ 2.57 |
| Fully diluted | 3.61 | 3.50 | 2.47 |
| Fully diluted and deflated by the consumer price index 1969 = 100 | 1.94 | 2.05 | 1.56 |
| Dividends paid including tax paid on Class B dividends | 1.34 | 1.30 | 1.20 |
| Shareholders' equity | 20.66 | 18.15 | 15.71 |
| Market price | | | |
| High | 29½ | 29 | 26½ |
| Low | 22½ | 20½ | 18¾ |
| December 31 | 23¾ | 29 | 21 |
| Price-fully diluted earnings multiple, December 31 | 6.6 | 8.3 | 8.5 |
| Statistical data at year-end | | | |
| Number of shares outstanding | | | |
| Preference series A | 312,059 | 312,059 | 325,000 |
| series B | 1,500,000 | 1,500,000 | 1,500,000 |
| series C | 56,377 | 56,437 | 56,437 |
| series D | 1,250,000 | 1,250,000 | |
| series E | 750,000 | | |
| Common Class A | 6,780,445 | 6,772,619 | 6,800,576 |
| Class B | 208,526 | 216,144 | 188,087 |
| Percentage of shares held in Canada | 99 | 99 | 99 |
| Number of shareholders | 7,241 | 7,252 | 7,401 |
| Volume of shares traded during the year | | | |
| Preference series B and C | 347,000 | 450,000 | 215,000 |
| Common Class A and B | 696,000 | 582,000 | 402,000 |
| Number of branches and mortgage offices | 154 | 138 | 125 |
| Number of full-time employees | 2,857 | 2,667 | 2,451 |
| Number of regular part-time employees | 396 | 304 | 257 |
| Number of real estate offices | 53 | 58 | 56 |
| Number of real estate sales representatives | 531 | 594 | 578 |

Reprinted from Canada Trustco Mortgage Company Annual Report for 1978.

| 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 |
|------------------|-----------------|------------------|------------------|------------------|-----------------|-----------------|
| \$ 219,984 | \$ 181,346 | \$ 149,793 | \$ 129,796 | \$ 114,946 | \$ 101,691 | \$ 83,806 |
| 26,004 | 21,257 | 17,747 | 14,492 | 11,678 | 10,283 | 7,767 |
| 5,102 | 4,592 | 2,620 | 2,134 | 2,343 | 2,015 | 1,858 |
| <u>251,090</u> | <u>207,195</u> | <u>170,160</u> | <u>146,422</u> | <u>128,967</u> | <u>113,989</u> | <u>93,431</u> |
| 175,005 | 148,038 | 110,055 | 92,779 | 84,573 | 80,660 | 64,109 |
| 34,362 | 27,816 | 22,002 | 17,635 | 14,625 | 12,736 | 10,564 |
| 18,284 | 14,743 | 13,007 | 11,648 | 9,560 | 8,979 | 8,108 |
| <u>227,651</u> | <u>190,597</u> | <u>145,064</u> | <u>122,062</u> | <u>108,758</u> | <u>102,375</u> | <u>82,781</u> |
| 23,439 | 16,598 | 25,096 | 24,360 | 20,209 | 11,614 | 10,650 |
| 9,360 | 7,569 | 12,194 | 11,178 | 9,952 | 5,666 | 5,086 |
| <u>\$ 14,079</u> | <u>\$ 9,029</u> | <u>\$ 12,902</u> | <u>\$ 13,182</u> | <u>\$ 10,257</u> | <u>\$ 5,948</u> | <u>\$ 5,564</u> |
| \$5,563,000 | \$4,771,000 | \$4,167,000 | \$3,704,000 | \$3,228,000 | \$2,852,000 | \$2,574,000 |
| 2,937,000 | 2,547,000 | 2,259,000 | 2,039,000 | 1,753,000 | 1,527,000 | 1,375,000 |
| 2,483,000 | 2,111,000 | 1,808,000 | 1,577,000 | 1,398,000 | 1,255,000 | 1,139,000 |
| 2,151,000 | 1,868,000 | 1,610,000 | 1,410,000 | 1,251,000 | 1,112,000 | 981,000 |
| 121,000 | 89,000 | 78,000 | 72,000 | 64,000 | 57,000 | 47,000 |
| \$ 2.17 | \$ 1.61 | \$ 2.34 | \$ 2.39 | \$ 1.86 | \$ 1.17 | \$ 1.13 |
| 2.14 | | | | | | |
| 1.45 | 1.21 | 1.95 | 2.15 | 1.75 | 1.13 | 1.13 |
| 1.20 | 1.20 | 1.15 | .93 | .59 | .53 | .52 |
| 15.06 | 14.54 | 14.15 | 13.06 | 11.66 | 10.41 | 9.55 |
| 27 | 31¼ | 34¼ | 35 | 26¼ | 20⅞ | 18½ |
| 22 | 16⅞ | 26½ | 24½ | 19¾ | 14¼ | 14½ |
| 24½ | 23½ | 31¾ | 34 | 24½ | 20⅞ | 16¾ |
| 11.4 | 14.6 | 13.6 | 14.2 | 13.2 | 17.2 | 14.8 |
| 380,280 | 425,000 | | | | | |
| 1,500,000 | | | | | | |
| 5,521,088 | 5,521,088 | 5,521,088 | 5,521,088 | 5,521,088 | 5,521,088 | 4,911,856 |
| 99 | 99 | 98 | 98 | 98 | 98 | 98 |
| 6,309 | 4,612 | 4,654 | 4,617 | 4,558 | 4,678 | 4,763 |
| 263,000 | | | | | | |
| 443,000 | 321,000 | 480,000 | 423,000 | 459,000 | 560,000 | 539,000 |
| 96 | 93 | 87 | 82 | 81 | 82 | 79 |
| 2,224 | 2,226 | 2,105 | 1,986 | 1,889 | 1,868 | 1,795 |
| 179 | 188 | 128 | 25 | 47 | 41 | 39 |
| 48 | 46 | 42 | 36 | 23 | 18 | 16 |
| 460 | 368 | 320 | 245 | 151 | 116 | 100 |

CANADA TRUSTCO MORTGAGE COMPANY
CONSOLIDATED STATEMENT OF EARNINGS
year ended December 31

| | 1978 | 1977 | % Increase (Decrease) |
|---|----------------------|----------------------|-----------------------------|
| Income | | | |
| Investment | | | |
| Cashable term deposits | \$ 18,384,000 | \$ 17,927,000 | 3 |
| Short term corporate notes | 24,361,000 | 19,550,000 | 25 |
| Bonds and debentures | 21,584,000 | 15,074,000 | 43 |
| Stocks | 17,607,000 | 10,823,000 | 63 |
| Mortgages | 355,951,000 | 312,693,000 | 14 |
| Consumer and personal loans | 18,863,000 | 12,663,000 | 49 |
| Fully secured loans | 7,585,000 | 5,953,000 | 27 |
| Equipment leases | 1,990,000 | 1,908,000 | 4 |
| | <u>466,325,000</u> | <u>396,591,000</u> | 18 |
| Fees and commissions | | | |
| Personal trust | 10,397,000 | 9,449,000 | 10 |
| Pension and pooled trust funds | 6,527,000 | 5,556,000 | 17 |
| Corporate trust | 2,321,000 | 2,005,000 | 16 |
| Real estate sales | 16,887,000 | 15,760,000 | 7 |
| | <u>36,132,000</u> | <u>32,770,000</u> | 10 |
| Other note 8 | 8,770,000 | 7,613,000 | 15 |
| | <u>511,227,000</u> | <u>436,974,000</u> | 17 |
| Expense | | | |
| Interest on deposits | | | |
| Chequable | 9,737,000 | 6,854,000 | 42 |
| Savings | 72,924,000 | 54,963,000 | 33 |
| Cashable term | 23,983,000 | 16,132,000 | 49 |
| Term | 266,039,000 | 229,363,000 | 16 |
| | <u>372,683,000</u> | <u>307,312,000</u> | 21 |
| Salaries | 41,884,000 | 35,643,000 | 18 |
| Pension and other employee benefits note 13 | 3,603,000 | 4,778,000 | (25) |
| Real estate commissions | 11,662,000 | 10,852,000 | 7 |
| Net occupancy and equipment note 6 | 15,444,000 | 13,108,000 | 18 |
| Advertising | 3,802,000 | 3,898,000 | (2) |
| Other note 9 | 18,547,000 | 15,233,000 | 22 |
| | <u>467,625,000</u> | <u>390,824,000</u> | 20 |
| Earnings before income taxes | <u>43,602,000</u> | <u>46,150,000</u> | (6) |
| Income taxes note 7 | | | |
| Current | 7,372,000 | 10,576,000 | (30) |
| Future | 4,346,000 | 5,588,000 | (22) |
| | <u>11,718,000</u> | <u>16,164,000</u> | (28) |
| Net earnings | <u>\$ 31,884,000</u> | <u>\$ 29,986,000</u> | 6 |
| Attributed to | | | |
| Preference shares non-convertible | \$ 2,487,000 | \$ 1,480,000 | 68 |
| Preference shares convertible | 2,262,000 | 2,262,000 | |
| Common shares | 27,135,000 | 26,244,000 | 3 |
| | <u>\$ 31,884,000</u> | <u>\$ 29,986,000</u> | 6 |
| Net earnings per common share - basic | \$ 3.88 | \$ 3.76 | 3 |
| Net earnings per common share - fully diluted | \$ 3.61 | \$ 3.50 | 3 |

